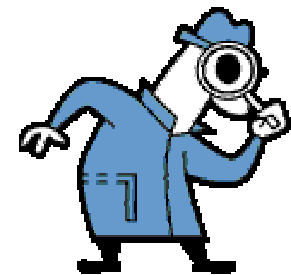


What is the difference between an
overzealous tax investigator



and a rottweiler?



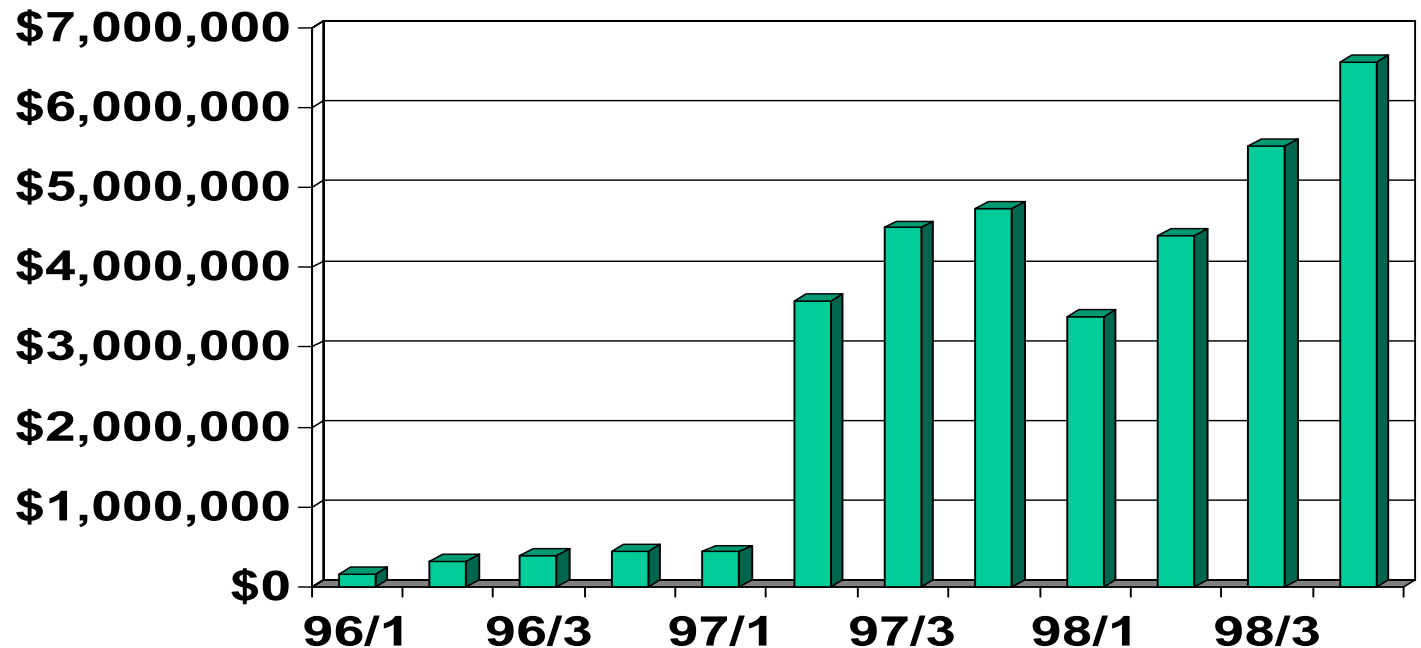
A rottweiler eventually lets go!

Deterrent Effect

How does a criminal investigation influence other taxpayers?

- Investigator's actions
 - Interviews with 3rd parties
- Publicity through press / media stories
- Formal relationships
 - Business & professional meetings
- Informal relationships
 - Restaurant & coffee shop, golf course contacts

Consolidated Quarterly Payroll for one company



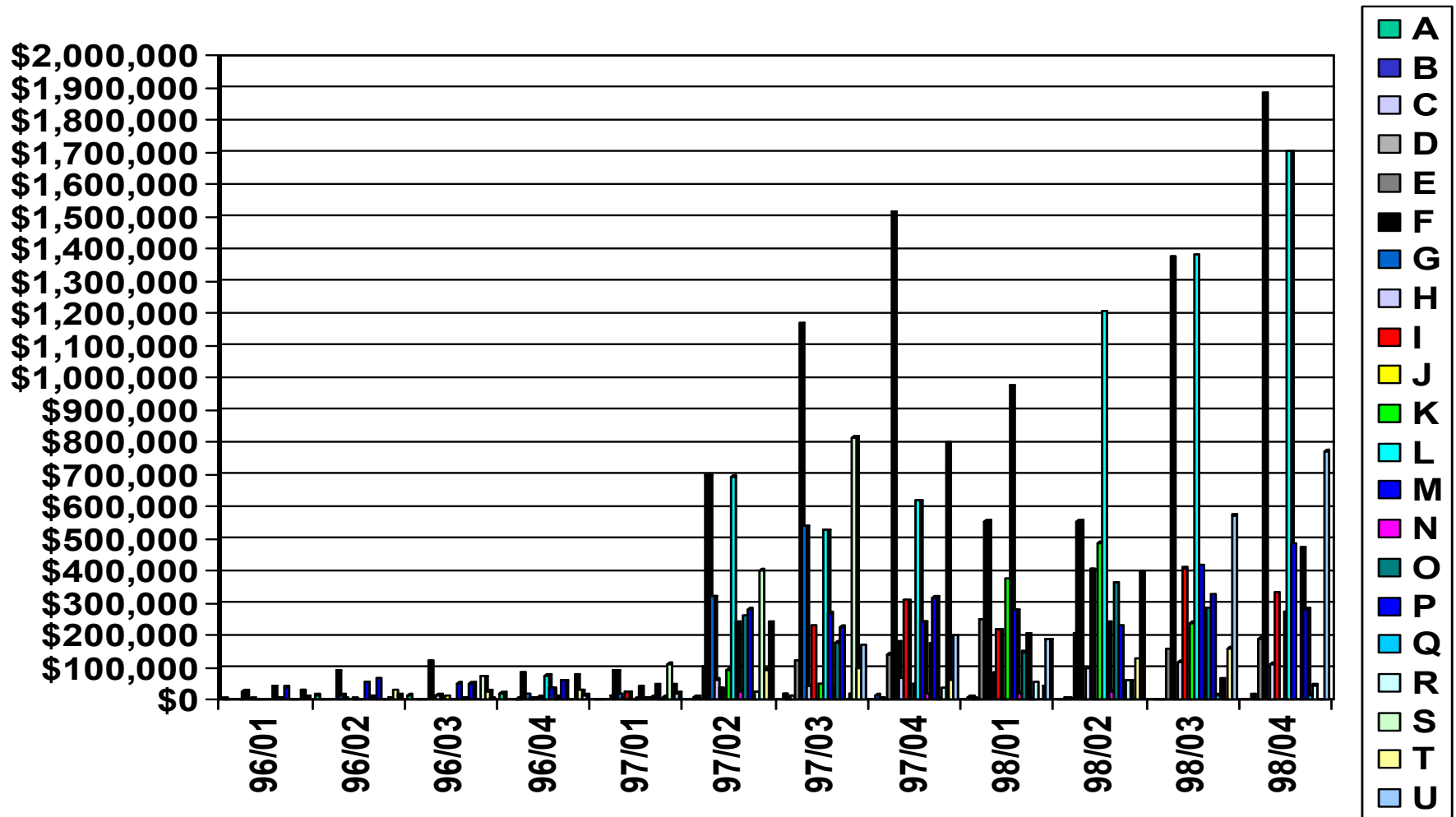
Consolidated Quarterly Payroll for 21 construction companies reporting payroll that were served Federal Grand Jury subpoenas.

↓
35 Federal Grand Jury Subpoenas for a criminal investigation served on construction companies

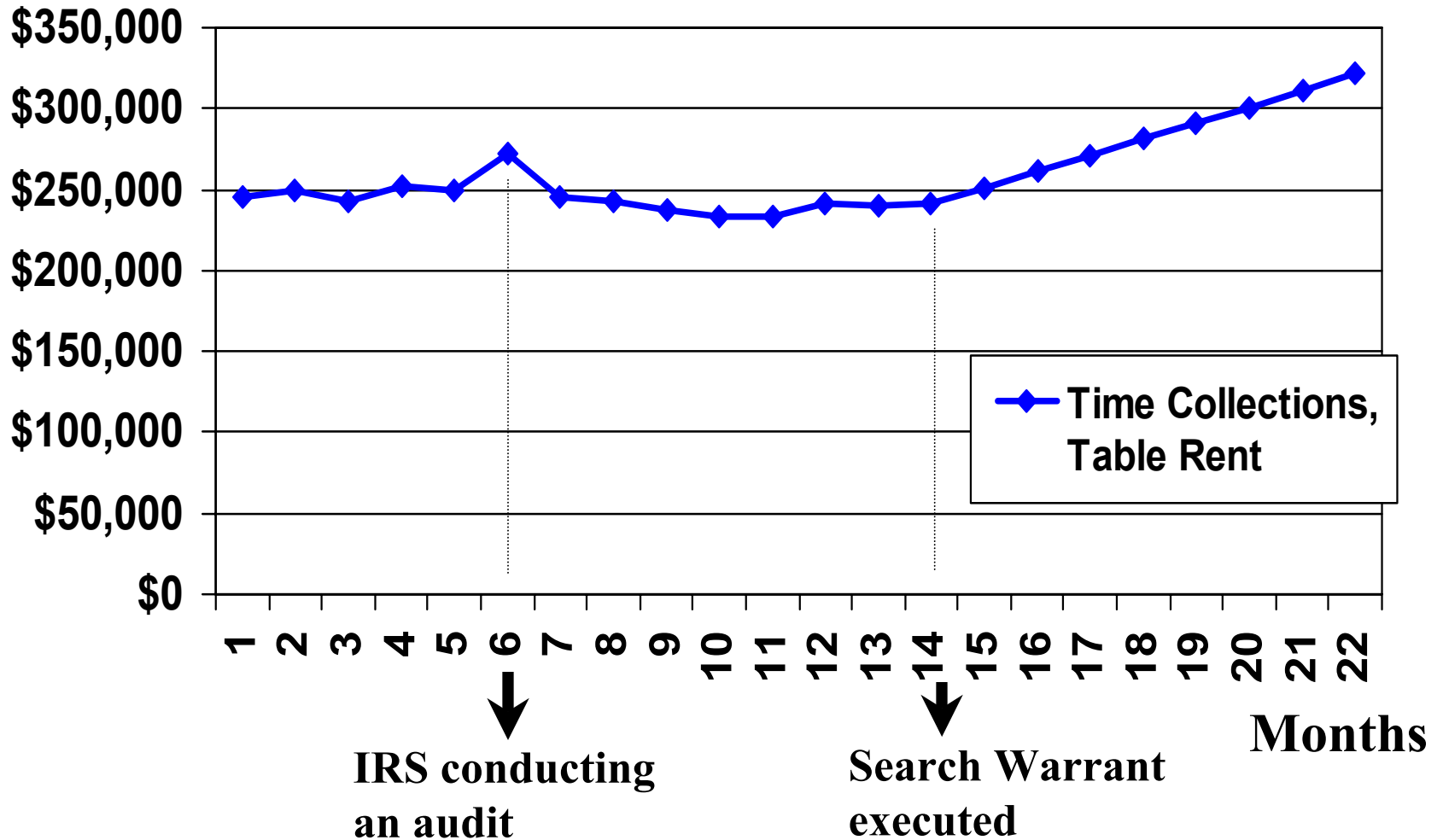
↓
Search warrant executed on 13 locations, 10/24/97 (Sacramento, Placer and El Dorado counties)

↓
FTB Investigations Bureau joined case 5/97
EDD Investigations Division assigned case 2/27/97

QUARTERLY COMPANY PAYROLL



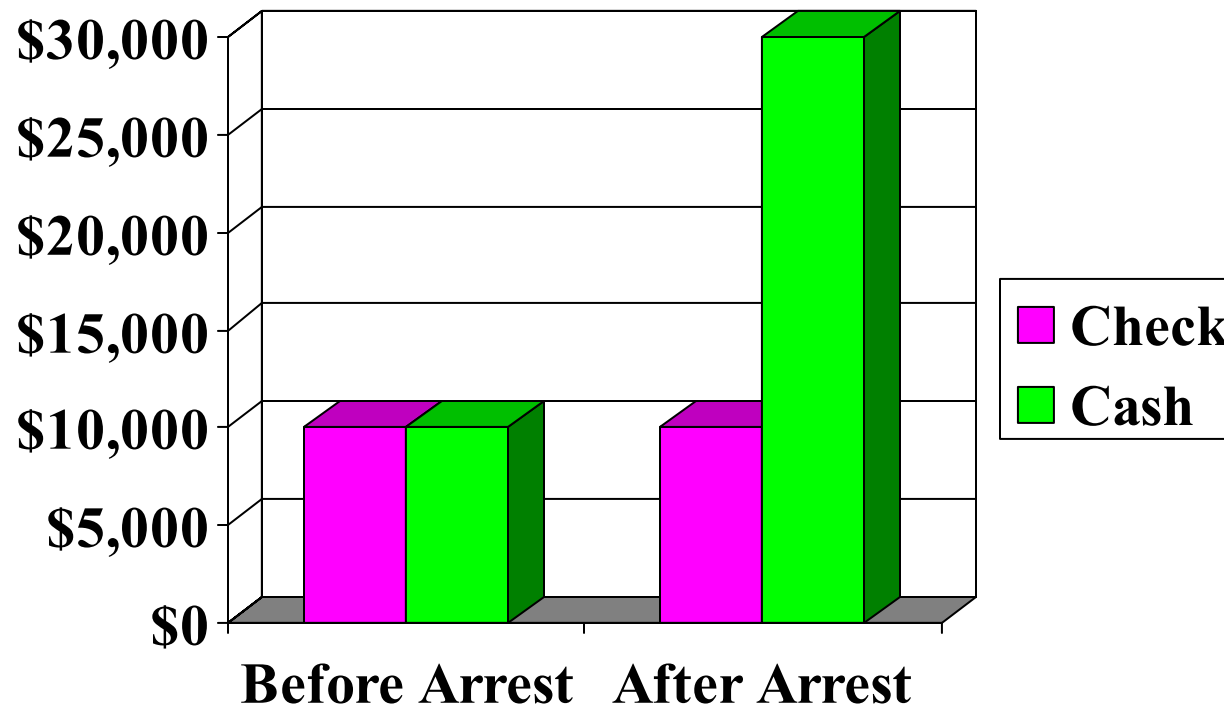
Card Room



Golf Course Cash Receipts

MONTHLY DEPOSITS TO CHECKING ACCOUNT

Aka: One for the till; two for Phil



JDLR

JUST

DON'T

LOOK

RIGHT

An attorney once said:

A wise man doesn't play
leap frog with
a unicorn.